

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 13017 01 OF 02 161732Z

ACTION EB-08

INFO OCT-01 NEA-11 ISO-00 COME-00 L-03 H-01 AID-05

CIAE-00 INR-10 NSAE-00 OMB-01 TRSE-00 DOE-15

SOE-02 /057 W

-----114641 161749Z /53

R 161720Z MAY 78

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9203

INFO AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

C O N N I D E N T I A L SECTION 01 OF 02 CAIRO 13017

E.O. 11652: GDS

TAGS: EINV, BTRA, ETRD, EG

SUBJ: VISIT OF FORD MOTOR COMPANY OFFICIALS

REF: CAIRO 12813

SUMMARY: FORD TEAM IS GENERALLY PLEASED WITH RESULT OF CURRENT VISIT. THEY BELIEVE SUBSTANTIAL PROGRESS MADE ON SEVERAL TECHNICAL AGREEMENTS, WHILE RUMORS THAT COMPANY WAS NO LONGER INTERESTED IN DIESEL ENGINE/TRUCK PROJECT AND THAT IT WAS MAKING EXAGGERATED CLAIMS FOR REIMBURSEMENT FOR SERVICES TO PROPOSED JOINT VENTURE WERE LARGELY LAID TO REST. APPARENTLY NEGATIVE ATTITUDE AND ACTIONS OF EL NASR AUTOMOTIVE CHAIRMAN GAZARIN REMAIN A PUZZLING PROBLEM. ON BOYCOTT, FORD REPS HAD GENERALLY POSITIVE SESSION WITH GOE BOYCOTT OFFICE HEAD GENERAL AMIN ATTA AND RECEIVED ASSURANCES FROM MINSTATE FOR FOREIGN AFFAIRS BOUTROS GHALI THAT AT APPROPRIATE TIME GOE WOULD PUT COMPANY'S NAME FORWARD IN BOYCOTT COMMITTEE FORUM TO HAVE SANCTION LIFTED. END SUMMARY.

1. FORD REPS WILLIAMS, FREDERICKS AND OUROUSSOFF, ACCOMPANIED BY FORD MIDDLE EAST VP HOLLOWAY, CALLED ON CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 13017 01 OF 02 161732Z

AMBASSADOR MAY 15 TO REVIEW RESULTS OF CURRENT VISIT TO EGYPT, WITH WHICH, ON THE WHOLE, THEY WERE PLEASED. FORD TEAM SAID IT BELIEVES SUBSTANTIAL PROGRESS HAS BEEN MADE IN NEGOTIATIONS WITH EGYPTIANS ON A TECHNICAL ASSISTANCE AGREEMENT AND MANAGEMENT AGREEMENT. ACCORD HAS BEEN REACHED ON BASIC FRAMEWORK OF THESE CONTRACTS, ALTHOUGH A FEW "OPEN QUESTIONS", SUCH AS PRECISE AMOUNT OF REIMBURSE-

MENT TO FORD FOR SERVICES OF EXPATRIATE MANAGERS, ARE
LIKELY REMAIN FOR SOME TIME. IN THIS CONNECTION, GOE
TECHNICAL TEAM WILL PROBABLY VISIT DETROIT FOR FURTHER
LOOK AT FORD'S COSTS. A SHAREHOLDER AGREEMENT AND ONE
CONCERNING SUPPLY OF GOODS FOR PROJECT ALSO REMAIN TO BE
WORKED OUT, BUT FORD REPS APPEAR TO BELIEVE ACCORD COULD
BE REACHED IN ANOTHER DAY OR SO OF NEGOTIATIONS.

2. FORD GROUP INDICATED THAT ONE OF MOST IMPORTANT
RESULTS OF VISIT WAS TO LAY TO OEST RUMORS WHICH HAD
COME TO THEIR ATTENTION IN U.S. THAT EGYPTIAN OFFICIALS
BELIEVED COMPANY IS NO LONGER INTERESTED IN PROJECT HERE,
AND TO COUNTER REPORTS THAT IN PROPOSALS TO EGYPTIAN SIDE,
FORD SOUGHT EXAGGERATEDSUMS AS REIMBURSEMENT FOR SERVICES
TO BE FURNISHED THE PROPOSED JOINT VENTURE. FORD REPS
REITERATED AT EVERY STAGE OF DISCUSSION HERE WITH GOE
OFFICIALS THEIR CONTINUED DEEP INTEREST IN PROJECT.
THEY ALSO GAVE EXPLANATIONS FOR SOME OF QUESTIONS WHICH
HAD ARISEN ABOUT FIRM'S PROPOSED CHARGES FOR SERVICES.
EXAMPLE OF FALSE REPORT CIRCULATING ON THIS ISSUE WAS
CLAIM THAT FORD WANTED TO CHARGE \$160,000 FOR SALARY AND
EXPENSES OF EACH MIDDLE-MANAGEMENT EMPLOYEE MADE AVAILABLE
TO JOINT VEN1URE, PLUS AN ADDITIONAL 60 PER CENT OF THIS
ENTIRE SUM AS A COMPANY FEE. IN FACT, FORD HAD SUGGESTED
ABOUT \$140,000 FOR SALARY AND EXPENSES, PLUS
60 PER CENT OF THE BASE SALARY OF THE EMPLOYEE (NOT OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 13017 01 OF 02 161732Z

THE FULL \$140,000) FOR INCIDENTAL COSTS TO COMPANY OF
RELEASING EMPLOYEE FROM REGULAR FORD PERSONNEL SYSTEM AND
REABSORBING HIM AFTER SERVICE WITH JOINT VENTURE.

3. PARTICULARLY DISTURBING ASPECT OF OISTORTIONS OF
COMPANY'S POSITION ON CHARGES, FORD REPS SAID, IS THAT EL
NASR AUTOMOTIVE CHAIRMAN GAZARIN APPEARS TO BE AT ROOT OF
FALSE REPORTS ON THIS MATTER. DURING ONE SESSION,
ACCORDING FORD OFFICIALS, MININDUSTRY HILAL, AFTER HEAR-
ING COMPANY'S EXPLANATION OF CHARGES FOR EXPATRIATE
EMPLOYEES, REBUKED GAZARIN FOR HAVING EXAGGERATED
EXTENT OF FORD'S CLAIMS AND DIRECTED GAZARIN TO COMPARE
COMPENSATION PROVIDED UNDER SIMILAR ARRANGEMENTS GOE HAS
WITH U.S. OIL COMPANIES IN ORDER TO CHECK REASONABLENESS
OF FIGURES CITED. FORD REPS WERE ALSO DISTURBED AT
UGGESTION BY GAZARIN THAT HE MIGHT TAKE OVER PART OF
PLANNED PRODUCTION RANGE OF FORD JOINT VENTURE TRUCKS IN
AN ARRANGEMENT HE IS MAKING FOR A PROJEC1 WITH ANOTHER
TRUCK MANUFACTURER. FORD TOLD GAZARIN THAT ANY SUCH
REDUCTION IN PROJECTED MARKET IS COMPLETELY UNACCEPTABLE.
FORD GROUP SAID THEY FOUND IT DIFFICULT TO UNDER-
STAND GAZARIN'S APPARENTLY NEGATIVE ATTITUDE, BUT BELIEVE

THEY WILL HAVE TO LIVE WITH IT, AT LEAST FOR MOMENT.

4. ON BOYCOTT, FORD REPS SAID THAT, AFTER CONSULTATION WITH THEIR LAWYERS, THEY HAD MET WITH HEAD OF EGYPTIAN BOYCOTT OFFICE, GENERAL AMIN ATTA, AND HAD QUITE POSITIVE

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 CAIRO 13017 02 OF 02 161736Z
ACTION EB-08

INFO OCT-01 NEA-11 ISO-00 COME-00 L-03 H-01 AID-05
CIAE-00 INR-10 NSAE-00 OMB-01 TRSE-00 DOE-15
SOE-02 /057 W

-----114690 161748Z /53

R 161720Z MAY 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 9204
INFO AMEMBASSY DAMASCUS
AMEMBASSY JIDDA

C O N N I D E N T I A L SECTION 02 OF 02 CAIRO 13017

DISCUSSION WITH HIM. THEY WERE IMPRESSED BY ATTA'S WILLINGNESS BE HELPFUL, AS WELL AS BY KNOWLEDGE HE DISPLAYED OF U.S. ANTI-BOYCOTT LEGISLATION. FORD OFFICIALS ALSO DISCUSSED BOYCOTT WITH MINISTER OF STATE FOR FOREIGN AFFAIRS BOUTROS GHALI (IN LIEU FONMIN KAMEL--SEE REFTEL). GHALI, ACCORDING FORD GROUP, INDICATED HIS UNDERSTANDING THAT PROJECT WILL NOT BE VIABLE WITHOUT ACCESS TO ARAB MARKETS AND EXPRESSED WILLINGNESS OF GOE TO PROPOSE REMOVAL OF BOYCOTT SANCTION AGAINST FORD IN ARAB BOYCOTT COMMITTEE FORUM.

5. DURING DISCUSSION, AMBASSADOR CAUTIONED THAT BOYCOTT COMMITTEE MEETING MIGHT NOT TAKE PLACE FOR SOME TIME. IN RESPONSE TO DIRECT QUESTION FROM WILLIAMS, AMBASSADOR ALSO NOTED THAT, IN HIS VIEW, COMPANY MIGHT DO WELL TO SEND EXPATRIATE CAREER EXECUTIVE TO EGYPT TO REPRESENT ITS INTERESTS HERE. SUCH AN OFFICIAL WOULD BE BETTER ABLE TO SCOTCH PROMPTLY MISLEADING REPORTS AND RUMORS.

6. IN ADDITION TO PURSUING ENGINE/TRUCK PLANT PROJECT, FORD GROUP NOTED THAT COMPANY ALSO HAD TEAM HERE ON CONTRACT TO EL NASR FORGINGS COMPANY TO PROVIDE TECHNICAL SERVICES FOR IMPROVING PRODUCTION OF METAL CASTINGS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 13017 02 OF 02 161736Z

FORD REPS WERE PLEASED WITH APPARENT SUCCESS THIS EFFORT IS HAVING EVEN IN FIRST FEW DAYS OF OPERATION, AND GAVE CREDIT TO EL NASR FORGINGS CHAIRMAN FOR THIS POSITIVE RESULT.

7. COMMENT: FORD PROJECT IS CERTAINLY STILL ALIVE, THOUGH MOVING SLOWLY, WITH APPARENT PROGRESS BEING MADE ON AT LEAST THE TECHNICAL LEVEL. FORD OFFICIALS, HOWEVER, WERE EXPLICIT IN STATING THAT PROJECT COULD NOT GO FORWARD TO IMPLEMENTATION WITHOUT SOME MOVEMENT ON BOYCOTT FRONT, WHICH MUST INEVITABLY AFFECT FINANCING. UNFORTUNATELY, PRESENT CIRCUMSTANCES DO NOT APPEAR PARTICULARLY PROPITIOUS FOR EARLY RESOLUTION OF THIS ISSUE. EILTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, AUTOMOTIVE INDUSTRY, TRAVEL REPORTS, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CAIRO13017
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780206-1052
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780556/aaaabuye.tel
Line Count: 189
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e356c19c-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 CAIRO 12813
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2682451
Secure: OPEN
Status: NATIVE
Subject: VISIT OF FORD MOTOR COMPANY OFFICIALS
TAGS: EINV, BTRA, ETRD, EG, FORD MOTOR COMPANY
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e356c19c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014